NCA
VOC FOR IOP/FN
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MARK HOPKINS/BONN

THE DOLLAR PROBLEM -- GERMAN PERCEPTIONS

ANNCR:

FOR A BACKGROUND REPORT ON THE TROUBLED DOLLAR AND HOW IT SEEMS IN WEST GERMANY, HERE IS VOA CORRESPONDENT MARK HOPKINS IN BONN.

VOICE:

WHETHER IT WAS ACCURATE OR NOT, THE COMMON VIEW IN WEST GERMANY, AT LEAST UNTIL THE NEW PACKAGE OF MEASURES TO BOLSTER THE DOLLAR, WAS THAT THE CARTER ADMINISTRATION DELIBERATELY WANTED THE DOLLAR TO FALL IN RELATION TO THE GERMAN MARK AMONG OTHER CURRENCIES. THE EFFECT OF THAT, OF COURSE, IS TO MAKE WEST GERMAN PRODUCTS LIKE VOLKSWAGEN MORE EXPENSIVE IN THE UNITED STATES, AND TO MAKE AMERICAN GOODS SOLD IN WEST GERMANY CHEAPER.

WEST GERMAN ECONOMISTS AND BANKERS WERE OPEN IN SAYING THAT WHAT THEY BELIEVED TO BE THE CARTER ADMINISTRATION'S STRATEGY WOULD HURT GERMAN BUSINESS. AND THEY WERE CONVINCED THAT THE CARTER ADMINISTRATION WAS LESS WORRIED ABOUT THAT THAN ABOUT THE AMERICAN FOREIGN TRADE IMBALANCE. THIS HAS BEEN ONE SOURCE OF IRRITATION BETWEEN THE GOVERNMENT OF CHANCELLOR HELMUT SCHMIDT AND THE CARTER ADMINISTRATION. ANOTHER HAS BEEN AT LEAST UNTIL NOW, DISAGREEMENT OVER HOW FAST THE WEST GERMAN ECONOMY SHOULD GROW.

THE CARTER ADMINISTRATION HAS PRESSED CHANCELLOR SCHMIDT TO HEAT UP THE WEST GERMAN ECONOMY AS A STIMULUS TO THE OTHER MAJOR INDUSTRIAL COUNTRIES. THE IMAGERY WAS WEST GERMANY AS A LOCOMOTIVE. THEN THERE WAS THE PICTURE OF EUROPEAN AND AMERICAN ECONOMIES AS A CONVOY, EACH MOVING WITH ONE ANOTHER.

SOME GERMAN ECONOMISTS THINK THAT THE CARTER ADMINISTRATION SIMPLY DOESN'T UNDERSTAND INTERNATIONAL ECONOMICS, AND THEY REJECT BOTH THE LOCOMOTIVE AND THE CONVOY IMAGERY. THEY ALSO BELIEVE THAT THE NEW PACKAGE OF FINANCIAL MEASURES AGREED ON BY WEST GERMANY AND THE UNITED STATES DOES NOT GO TO THE HEART OF THE PROBLEM.

THERE WERE SUFFICIENT HIGH LEVEL REPORTS OF A SOURING OF WEST GERMAN-AMERICAN RELATIONS THAT CHANCELLOR SCHMIDT WAS PERSUADED TO PERSONALLY DENY IN A SPEECH TO THE BUNDESTAG. ALONG WITH THIS, BOTH AMERICAN AND WEST GERMAN GOVERNMENT REPRESENTATIVES ARE MAKING A CONCERTED EFFORT NOW TO STRESS THE BASIC SOUNDNESS OF TIES BETWEEN THE COUNTRIES DESPITE WHAT ARE DESCRIBED AS NORMAL DISAGREEMENT AMONG FRIENDS.

JS/PY